

ABSTRACT

Thesis Title : The Role of “ News ” on Exchange Rate Determination of Baht
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Degree Sought : Master of Economics
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Advisory Committee :

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The objectives of this thesis were to : (1) study the influences of economic news on exchange rate and unanticipated changes in exchange rate (the difference between spot exchange rate and forward exchange rate in previous period). We used the factors of unanticipated Portfolio Balance approach exchange rate determination to substitute economic news .Those factors were residuals from univariate autoregressive models.(2) examine the relationship between spot exchange rate and forward exchange rate in previous period. This study used the secondary monthly data of Thailand and the United State of America from January 1991 to September 1999.

The results of this study were as follows :

A) Under the basket of currencies exchange rate regime in Thailand , the unanticipated factors affecting unanticipated changes in exchange rate were unanticipated relative inflation of Thailand and the United State of America , unanticipated trade balance of Thailand and unanticipated trade balance of United State of America. But when seperated the unanticipated factors of each country ,

unanticipated interest rate of Thailand , unanticipated inflation of Thailand , unanticipated trade balance of Thailand , unanticipated interest rate of the United State of America, unanticipated money supply of the United State of America , unanticipated income of the United State of America and unanticipated government budget of the United State of America had the effect on unanticipated changes in spot exchange rate

b) Under managed float exchange rate regime in Thailand , the unanticipated factors affecting unanticipated changes in exchange rate were unanticipated relative interest rate of Thailand and the United State of America , unanticipated relative money supply of Thailand and the United State of America. But when we seperated the unanticipated factors of each country , unanticipated interest rate of Thailand , unanticipated money supply of Thailand , unanticipated income of Thailand , unanticipated inflation of Thailand , unanticipated government budget of Thailand , unanticipated interest rate of the United State of America , unanticipated income of the United State of America and unanticipated trade balance of the United State of America had the effect on unanticipated changes in spot exchange rate